

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on March 26, 2001 at 8:00 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Rod Bitney, Vice Chairman (R)
Rep. Gary Matthews, Vice Chairman (D)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Roy Brown (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Dennis Himmelberger (R)
Rep. Carol C. Juneau (D)
Rep. Jim Keane (D)
Rep. Rick Laible (R)
Rep. Bob Lawson (R)
Rep. John Musgrove (D)
Rep. William Price (R)
Rep. Allen Rome (R)
Rep. Donald Steinbeisser (R)
Rep. James Whitaker (R)

Members Excused: Rep. Brett Tramelli (D)

Members Absent: None.

Staff Present: Gordon Higgins, Legislative Branch
Jane Nofsinger, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB593, SB469, SB474, 3/21/2001
Executive Action: None

HEARING ON HB593

Sponsor: REP. STEVE VICK, HD31, GALLATIN COUNTY

Proponents: Debbie Hitt, self
Barbara Wolfe, self
Susan Good, self
Julie Millam, Montana Christian Coalition

Opponents: Don Judge, MT AFL-CIO
Jerry Driscoll, union leader, Billings
Micky Boysza, Amalgamated Transit Union
James Olson, self
Fran Marceau, United Transportation Union
John Forkan, union treasurer
Joe Mazurek, City of Great Falls
Dave Burnett, union member, Local 1334
Terry Leishman, Operating Engineers Union
Sami Butler, Registered Nurses Assn.
Pat Clinch, Firefighters Union
Sharon Hoff-Broadway, Montana Catholic Conference
Keith Allen, IBEW233
Bob Vogel, MT School Boards Assn.
Bob Pavolich, IBEW233
Nicoli Cochairigan, local food unions
Wendy Young, WEEL
Don Kinman, union organizer, Superior
Sheila Cozzie, Lewis and Clark County Commissioners
Tom Schneider, MPEA
Rex Kendall, Communication Workers of America
Pamela Miller, Local 254
Daniel Casey, Montana Human Rights Network,
Dan Duggan, Teamsters Union Local 2
Ed Logan, PACE 8470,
Mary Caferro, self
Robert Casru(sp?, USEW Local 4
Glen Gregor, Local 254
Tom Curry, IBEW
Elmer Fauth, Senior Citizens
David Warner, Carpenters Union

Opening Statement by Sponsor:

REP. STEVE VICK, HD31, GALLATIN, said, "I assume we will get a fair hearing, although I see a lot of [opponents'] buttons on committee members." This act protects the rights of Montana

workers, he said. The act says there must be written permission of the worker before his or her wage is diverted or withheld for political purposes. "If you want to use my dollars for political purposes, you have to get my permission first," the worker is allowed to say through this bill, he told the committee. He said this bill is pro-worker and pro-choice, and it protects the First Amendment rights of Montana workers so their dues are not diverted. He then explained 40 years of federal case law directed to maintaining workers' rights. He said that after 40 years, only 78% of union members "have yet to hear of their Beck rights." He said this bill would diminish the reputation of unions as politically partisan and retain them in the role of working for their members. "If you really want workers to have a voice, then pass this bill," he concluded.

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Proponents' Testimony:

Ms. Hitt said as a registered nurse she was pressured to join the Montana Nurses Assn. She said for personal and religious reasons she has never belonged. The union's response to this ranged from hostility to support, she said. She agreed with **REP. VICK** that many people don't know about the Beck decision. She said because of her decision to not join the union, she has not had representation in the workplace. **EXHIBIT (buh68a01)**

Ms. Wolfe testified she was a ranch wife, mother and retired school teacher. She explained she had disagreed with the union using her dues for beliefs which were different from hers. She stated she sued MEA to allow her dues to be given to a charity. She said to use dues for a political purpose without permission, subverts the will of the individual worker. "Political dues should be given through free will," she said. She asked the committee to make Montanans proud by voting for HB593. "This is the right thing to do," she said. **EXHIBIT (buh68a02)**

Ms. Good brought the committee a e-mail which a friend of hers had received from the unions because she wanted to read the misinformation being spread. **EXHIBIT (buh68a03)** The e-mail referred to the bill as "paycheck deception" rather than its accurate name of "paycheck protection." She told the committee, "Let the unions get back to protecting their members, and not deceiving them."

Ms. Millam said, on behalf of her 40,000 members, "to compel a man to furnish money for purposes he does not believe in, is sinful." She cited a number of surrounding states which have a paycheck protection law already. She also quoted a survey stating

that 82% of Americans believe unions should be required to get written permission before deducting dues for political purposes. She presented the committee with letters supporting the bill from Grady Bennett of Kalispell **EXHIBIT (buh68a04)**, and Bruce Riley of Kalispell **EXHIBIT (buh68a05)**.

A letter supporting HB593 was presented on behalf of Betty L. Babcock. **EXHIBIT (buh68a06)**

A fax supporting HB593 was submitted from Michael J. DiAngelis. **EXHIBIT (buh68a07)**

Opponents' Testimony:

A letter from Anne Steenberg opposing the bill was submitted. **EXHIBIT (buh68a08)**

Mr. Judge presented written testimony. **EXHIBIT (buh68a09)**

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Mr. Driscoll said the former chairman of this committee used the union hall in Billings for a fund-raiser and that would have been an in-kind contribution which is illegal under this bill. He also said the bill would create a blizzard of paperwork.

Ms. Boysza said she was in the union and thought this bill was discriminatory because people needed a voice and "people in the union are me."

Mr. Olson said he had never been a union member, but had been the target of corporate PACs. He said corporations should be doing business, not controlling the political process. He added this bill wants to take workers out of the political process.

Ms. Marceau said some workers make direct contributions and some make them through payroll deductions. She said unions don't tell members how to vote, they just give them a list of endorsed candidates to inform them.

Mr. Forkan said unions were under federal regulations to account for money, and they did not have political slush funds. He said they should amend the bill to have taxpayers have to sign anything that infringed their rights.

Mr. Mazurek said he was concerned about the continual annual obligation to report imposed by this bill. He called the bill a "divisive piece of legislation, we don't need."

Mr. Burnett said they send out an advisory to members and let them to opt out if they want to.

Mr. Leishman said this issue shouldn't be about partisanship, it should be about fairness, and giving the members the right to make informed decisions. **EXHIBIT (buh68a10)**

Ms. Butler said she saw the bill as unbalanced and was a strong opponent.

Ms. Clinch said the bill does not affect the corporate lobbyists and ask the committee to please table it. **EXHIBIT (buh68a11)**

Ms. Hoff-Broadway said the Catholic Church has stood with workers and the right to organize. She stated, however, she did oppose some of the positions the unions take, and did not like some things they supported.

Mr. Allen asked the committee to "table this ridiculous bill." **EXHIBIT (buh68a12)**

Mr. Vogel said no one should be silenced because of their views. He said his organization would be obligated under the bill to police their employees as to what they were spending dues on, without any legal authority to do so. He said school district would face an increasing amount of paperwork. He said the fiscal note badly understated what would be required of school districts to administer it.

Mr. Pavolovich said, "You have heard this bill here before, leave it here."

Mr. Cochairigan said, "This bill will further hamstring his local." He urged them not to pass the bill.

Ms. Young said one of the best ways to move a family out of poverty is through unions. Unions work for all workers, she said, and she encouraged the committee not to silence the unions.

Mr. Schneider said he thought the employees are protected already and have a right to their paycheck every month.

Ms. Miller said she received more information from her union than she did from her elected representatives.

Other individuals who spoke against the bill were **Don Kinman, Sheila Cozzie, Rex Kendall, Daniel Casey, Dan Duggan, Ed Logan,**

Mary Caferro, Robert Casru, Glen Gregor, Tom Curry, Elmer Fauth, and David Warner.

A list of opponents attending the meeting was submitted.

EXHIBIT (buh68a13)

Questions from Committee Members and Responses:

REP. GALVIN-HALCRO asked **Ms. Hitt** if she received benefits, insurance and salary even though she did not join the union. **Ms. Hitt** said she did receive those things under the current contract, but she had no ability to be represented in the negotiation for those items.

REP. GALVIN-HALCRO said she was a stockholder in Quest and they used her fees for political purposes. **REP. VICK** said she could buy different stock if she didn't like what they were doing.

REP. GALLIK asked **REP. VICK** why they didn't include other organizations which were very political like MTCC and the NRA. He said it seems we are trying to get at soft money and shouldn't it be across the board. **REP. VICK** said every year he is asked if he wants to belong. He said when he writes a check to belong he is giving permission saying that he likes what they do with your money. On the other hand, he said, in many case with the union in order to opt out of these, the worker has to quit his or her job.

REP. LAIBLE asked **Mr. Driscoll** if they already sent out cards for the employees to sign for their payroll deduction. **Mr. Driscoll** said it is a donation, not a deduction. He said if they want to quit, they notify the payroll office, not the union.

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REP. LAIBLE asked **Mr. Judge** if he considered having members sign their permission for the deduction "silencing voices of working Montanans," which is what he said the bill would do. **Mr. Judge** said, "It's not that they're silenced, they're just not paying attention."

Closing by Sponsor:

REP. VICK pointed out that in-kind contributions, by law, must be reported. He also presented an amendment. **EXHIBIT (buh68a14)** He said the bill is simple and straightforward. He asked the committee members who were thinking of voting against the bill, if these groups represent workers, why do they so strenuously object to getting permission from the workers. He said, "You have

all gotten pressure, and if you feel that pressure, how much pressure do you think a worker feels when they want to express their rights." He concluded this bill give workers more rights, not less rights.

{Tape : 2; Side : A; Approx. Time Counter : 11.5}

HEARING ON SB469

Sponsor: SEN. BOB DePRATU, SD40, WHITEFISH

Proponents: Director Mike Foster, Governor's Office

Opponents: None

Opening Statement by Sponsor:

SEN. BOB DePRATU, SD40, WHITEFISH, said this bill coordinates with the Department of Commerce bill, SB445. The bill allows the workforce development program to be brought together and coordinated, he said.

Proponents' Testimony:

Director Foster said this bill is important because they realize that work force development is a piece of the puzzle. He said they need to get the state agencies better organized. He said the bill will provide flexibility and the ability to coordinate.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. GALLIK asked **SEN. DePRATU** what the bill cost. **SEN. DePRATU** said there is no additional cost.

REP. JUNEAU asked **Director Foster** why he said "coordinate" and the bill said "transfer." **Director Foster** said this allows the **Governor** some flexibility and there could be other programs in other departments which are moved.

REP. KEANE asked **Director Foster** to describe how the programs would align. **Director Foster** said if they determine no need to move them, they will just coordinate. They are not sure now where all of the programs are, he said. "This is not a grab," he told the committee.

REP. GALLIK said it is difficult and expensive to move and what would happen if it doesn't work out. **Director Foster** said the agreement was good as long as the legislature allows it to happen. **REP. GALLIK** asked if there has been a situation that indicates we need this. **Director Foster** said yes, the **Governor** wants to move forward with economic development.

Closing by Sponsor:

Director Foster said the bill was about coordination. He said there was a lack of knowledge about the programs and how they work, and it is important for the **Governor** to be able to have this flexibility.

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HEARING ON SB474

Sponsor: SEN. DUANE GRIMES, SD20, CLANCY

Proponents: Gregg Van Horssen, State Farm
Jacqueline Lenmark, AIA
Jon Metropolous, Farmers Insurance and NAII
Jan Van Riper, State Auditor's Office
Stan Kaleczyk, PPG & Link Services
Tom Daubert, Collision and Repair Shop Assn.
Bob Gilbert, Cascade Auto Glass
Mike Evans, Diamond Auto Glass
Daniel Carter, Pinnacle Glass
Bud LaRoche, Crystal Clear
Bob Mytty, Crystal Clear

Opponents: Amy Orser, glass repair

Opening Statement by Sponsor:

SEN. DUANE GRIMES, SD20, CLANCY, said the bill on auto glass last session was unacceptable to insurers and they decided to take it to court, so the law never went into effect, and has been enjoined. He said the insurers don't want price-fixing or predatory pricing. He said he knew from his experience owning a fleet of trucks that there are different grades of glass. He said the quality of the glass used in a windshield is a safety issue. He said this bill attempts to take the law back to the way it was, and the amendment will use the price charged by the majority of operators in an area, instead of using the lowest common

denominator. He said let the insurance companies decide what the price should be or add another amendment which would allow for different grades of glass. He said the bill protects insurers from paying exorbitant prices. **EXHIBIT (buh68a15)**

Proponents' Testimony:

Mr. Van Horssen said the bill from last session would have placed restrictions on insurance and glass companies and affected freedom of speech and interstate commerce. He said a New York district court had rendered a similar law unconstitutional. He said this bill will resolve the federal lawsuit and retain the 1993 law. He said it will also allow productive discussions over the next biennium so there might be an agreement by the next session. He said there would be amendments forthcoming.

Ms. Lenmark said she also represented some parties in this litigation, and she wanted to stress the amendments were necessary. She said it is essential this bill moves and repeals HB506. She agreed discussions would continue and urged the committee to resist any amendments other than repealing HB506.

Mr. Metropolous agreed it was a complicated issue. He said there were flaws in the previous bill, and he feared tinkering would create more litigation.

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Ms. Van Riper said she reluctantly opposed **SEN. GRIMES'** amendment because it would affect the lawsuit which was still at discovery stage. She said the prevailing rate issue was complicated, and they had tried to reach a group consensus.

Mr. Kaleczyk supported the bill with the amendment to strike HB506 because that would terminate the lawsuit.

Mr. Daubert endorsed the bill with the amendment, but resisted **SEN. GRIMES'** amendment. He said the amendment speaks to a broader subject.

Mr. Gilbert said he was not part of the agreement and a whole number of shops were not included, or even aware of the agreement. He said this will cost the consumers money and quality.

Mr. Evans said last year his shops were shorted \$60,000 in insurance payments. "We sell a service, not a good," he said. He said 55% of the structural integrity of an automobile is the windshield and if the windshield doesn't hold in a rollover, it

can be deadly. If the insurance company wants the cheapest it is not the safest. "I'm on my own, I can't fight these folks, neither can the state," he said. **SEN. GRIMES'** amendment says "fair price," and he preferred to support SB474, even though he feared it would be back in the legislature.

Also speaking for the bill were **Daniel Carter, Bud LaRocke, and Bob Mytty.**

Opponents' Testimony:

Ms. Orser said she can support the amendment but not the bill. She noted her family had been in the auto glass business 21 years. She presented written testimony. **EXHIBIT (buh68a16)**

Questions from Committee Members and Responses:

REP. LAIBLE asked **Ms. Van Riper** if she endorsed a bill with amendments yet to come, but not **SEN. GRIMES'** amendment. **Ms. Van Riper** said yes, so just so it repeals HB506.

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REP. GALLIK asked **Mr. Evans** if they asked a customer if they had insurance. **Mr. Evans** said they ask because the \$100 deductible might be an advantage to use. He said the insurance company sets the price and says what they will pay. If they sign the agreement the insurance company will send customers to them, if not they won't send them. He said they have \$400,000 in receivables and it 95% is from insurance companies. He said a full time collection person is required for nothing but insurance companies. He said cash customers are easier and more efficient to deal with than insurance companies.

REP. KEANE asked **Mr. Evans** about different grades of materials and their costs. **Mr. Evans** said the lowest federally approved sealant is \$2.97 a tube and takes 1 ½ tubes for a windshield. He said the best product was Best-Seal and it cost \$23 per installation and made a great deal of difference in the quality of the work.

Closing by Sponsor:

SEN. GRIMES closed by telling the committee "to keep the insurance companies in the driver's seat." He also reminded them there was a tremendous difference in quality of windshield glass and repair.

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ADJOURNMENT

Adjournment: 12:00 P.M.

REP. JOE MCKENNEY, Chairman

JANE NOFSINGER, Secretary

JM/JN

EXHIBIT (buh68aad)